

A Bill for an Act Relating to Payment of Contractors.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Section 444-25, Hawaii Revised Statutes is amended to read as follows:

**“Section 444-25. Payment for goods and services.** A contractor shall pay his subcontractor for any goods and services rendered within sixty days after receipt of a proper statement by the subcontractor that the goods have been delivered or services have been performed. The subcontractor shall be entitled to receive interest on the unpaid principal amount at the rate of one percent per month commencing on the sixtieth day following receipt of the statement by the contractor, provided that this section shall not apply if the delay in payment is due to a bona fide dispute between the contractor and the subcontractor concerning the goods and services contracted for. If there is no bona fide dispute between the subcontractor and the contractor concerning the goods or services contracted for, the subcontractor shall be entitled to payment for goods and services under this section.

· If payment is contingent upon receipt of funds held in escrow or trust, the contractor shall clearly state this fact in his solicitation of bids. If the solicitation for bids contains the statement that the time of payment is contingent upon the receipt of funds held in escrow or trust and a contract is awarded in response to the solicitation, interest will not begin to accrue upon any unpaid balance until the sixtieth day following receipt by the contractor of the subcontractor's statement or the thirtieth day following receipt of the escrow or trust funds, whichever occurs later.”

SECTION 2. Statutory material is bracketed. New material is underscored. In printing this Act the revisor of statutes need not include the brackets, the bracketed material, or the underscoring.\*

SECTION 3. This Act shall take effect upon its approval.

(Approved May 24, 1971.)

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\* Edited accordingly.